

Late Backup



Business Retention and Enhancement (BRE) Program

A 24-Month Pilot
Economic Development Program
for Congress Avenue and East 6th Street

City Council Briefing

January 29, 2009

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BRE Program - Purpose

- Support the re-establishment of Congress Avenue and East 6th Street as retail and urban entertainment destinations
- Provide low-interest loans for eligible uses

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Q. 2008

BRE Program - Goals

- Improve the image of Congress Avenue and East 6th Street as retail destinations
- Enhance East 6th Street's live music and entertainment district
- Stimulate private retail investment
- Improve quantity and quality of goods and services
- Create and retain jobs

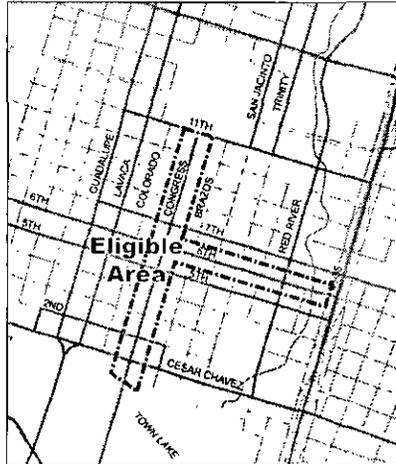
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BRE Program - Implementation

- 24 month pilot program
 - Created on February 14, 2007
- Program assigned to EGRSO
 - Administer the program
 - Monitor and evaluate the program
 - Return to City Council with a report

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BRE Program - Eligible Area



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Who is Eligible for the Program?

- Program designed for:
 - Businesses locating to the Eligible Area
 - Existing businesses located within the Eligible Area that are displaced because of development
- Program available to these business types:
 - Art galleries
 - Food sales
 - Retail Sales
 - Restaurants
 - Theaters
 - Indoor entertainment

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Eligible Uses for a BRE Loan

- Façade improvements
- Tenant finish-out
- Business-related equipment

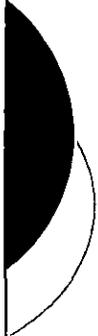
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Financial Assistance Provided Through the BRE Program

- Low-interest loans up to \$250,000
- Special Circumstance Provision: for existing businesses at risk of being displaced
 - City may increase loan amount up to \$750,000
 - City may forgive balance of loan after 5 years if no loan default or late payments

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BRE Loan - Apple Annies

- Purchase and renovate first floor of 319 Congress Avenue
- Retain 23 employee base
- Create 20 new positions
- BRE Loan
 - \$250,000
 - 15 year term
 - 6.0% interest rate

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BRE Loan - El Sol y La Luna

- Lease and remodel first floor of 600 E. 6th Street
- Retain 25 employee base
- Create 8 new positions
- BRE Loan
 - \$250,000
 - 5 year term
 - 4.5% interest rate

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BRE Program - Funding Sources

- Derived from development on Congress Avenue and East 6th Street
 - Alley vacation sales
 - Temporary use of right-of-way (ROW) fees
 - License agreements

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BRE Program - Financial Summary

Revenues Collected: February 2007 to December 2008	
Alley Vacation Sales	0
Temporary Use of Right-of-Way	451,889
License Agreements	189,573
Other	20,343
Total Revenues Collected	661,805
Loan Commitments:	
Apple Annies	(250,000)
El Sol y La Luna	(250,000)
Balance as of December 2008	161,805

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BRE Program - Scheduled Loan Repayments

Borrower	Amount	Interest Paid Over the Life of the Loan	Total to be Repaid
Apple Annies	250,000	129,736	379,736
El Sol y La Luna	250,000	26,633	276,633
Total	500,000	156,369	656,639

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Recommendations for BRE

- Continue the BRE as an ongoing program
- Eliminate the Special Circumstance Provision

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Next Step

- Return to Council on February 12th with an ordinance amending the BRE Program guidelines